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CENTRAL INTELLIGENCE AGENCY

11 January 1951

MEMORANDUM FOR THE SENIOR NSC STAFF

Subject: Position of the United States with Respect to Communist China.

Reference: Memorandum for the Senior NSC Staff, 22 November 1950, page 3.

1. The following estimates are submitted in response to the requirements specified in the Reference. They are based on Departmental contributions to a projected estimate, NIE-10, which will be completed and coordinated as a matter of urgency. At present, however, they reflect only the judgment of the National Estimates Board within CIA.

The Survival Prospects of the Chinese Communist Regime

2. For the foreseeable future the Chinese Communist regime will retain exclusive governmental control of mainland China. No basis for a successful counter-revolution is apparent. The disaffected elements within the country are weak, divided, leaderless and devoid of any constructive political program. The great majority of politically conscious Chinese accept the existing Communist regime and see no agreeable alternative to it. No fatal split in the Communist regime itself is now indicated. In particular, the regime is assured of effective control of the Chinese Communist Army. Consequently, although the pacification of certain rural areas, especially in South China, may be indefinitely delayed, the Communist regime can contain and control active internal resistance and maintain indefinitely its authority in mainland China.

The Nature, Strength, and Survival Prospects of Opposition Forces within Mainland China

3. Active resistance to the Communist regime within mainland China consists of three principal elements, not always distinguishable:

a. Banditry endemic in certain areas. Such elements resisted the Kuomintang regime and must resist any regime interested in establishing law and order. Banditry has presumably increased as a result of the social and economic dislocations accompanying revolution.

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b. Local, spontaneous, and probably ephemeral peasant uprisings against the interference and exactions of government officials. This also is a normal social phenomenon without ideological implications, although the situation may have been aggravated by revolutionary conditions and Communist actions.

c. Actual guerrilla forces, made up of Nationalist remnants, Communist deserters, adventurers, and a few ideological opponents of the regime.

4. No reliable information is available regarding the actual strength of resistance forces in mainland China. It is estimated that some 700,000 men may be engaged in active resistance of one sort or another. Of these perhaps 300,000 may be loosely connected with the Nationalist regime in Formosa. The strength and effectiveness of resistance forces on the mainland could no doubt be increased by the provision of a definite organization, command, and plan of action, effective communications, and logistical support. Such a development, however, would bring on more vigorous Communist counteraction. Moreover, the identification of internal resistance with the discredited Kuomintang and with US "imperialistic aggression" would probably reduce popular sympathy with the resistance forces and handicap their operations.

5. Some active resistance to the Communist regime can probably be maintained indefinitely in mainland China, especially in southern China. It cannot be expected, however, that such resistance forces could by themselves seriously endanger or overthrow the Communist regime, in the absence of an effective counter-revolutionary movement. The most that could be expected of them would be the diversion and containment of Communist military strength.

6. Invasion of the mainland by Nationalist forces from Formosa would not materially improve the prospects for overthrowing the Chinese Communist regime. Apart from the difficulties inherent in mounting such an invasion, there is no reason to suppose that the Communists could not again defeat decisively any Nationalist forces found operating openly on the mainland.

The Survival Prospects of the KMT on Formosa

7. It is the declared intention of the Chinese Communists to gain possession of Formosa, by force of arms if need be. The presence and mission of the US Seventh Fleet has, however, deterred them from any attempt to invade the island hitherto. As long as the Seventh Fleet is available to protect Formosa it is at least doubtful whether a

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Communist assault could succeed without effective Soviet air and submarine support. It is therefore considered unlikely that an assault would be undertaken in present circumstances.

8. Even if Formosa is not invaded, the long-term survival prospects of the KMT regime are doubtful at best. The native population is antagonistic to the mainland Chinese. The mainland Chinese troops have no interest in permanent residence on Formosa. The island's economy, although normally self-supporting, cannot support indefinitely the burden of the Nationalist political and military establishment. Thus the regime cannot long maintain itself without substantial outside (US) support.

9. If Chinese Communist forces were ever to establish a lodgment on Formosa, Nationalist resistance probably would not be prolonged. In this case Communist occupation of the island could probably be prevented only by the commitment of US ground as well as air and naval forces.

The Nature and Strength of Chinese Communist Ties with the Kremlin

10. It is evident that the rulers of Communist China and of the USSR are cooperating closely with each other. There is between them a bond of mutual interest in the elimination of Western power and influence from Asia, in the name Asian liberation and world revolution, but also in the interest of the mutual security of the two regimes. Intensification of hostility between Communist China and the West strengthens this bond by rendering Communist China the more dependent on the USSR for political, economic, and military support and assistance.

11. There are certain latent potentialities for conflict between Communist China and the USSR inherent in the possibility of conflict between Chinese national interest and Soviet imperialism. The Chinese Communists would be sensitive to any Soviet attempt to usurp control of the Chinese Communist apparatus and so to reduce China to the status of a satellite. They would also be sensitive to any transition from economic assistance to economic exploitation. Finally there are possibilities for conflict of interest regarding the control of such territories as Sinkiang, Manchuria, Korea, and Southeast Asia. These latent possibilities are unlikely to emerge, however, in the presence of a dangerous common enemy.

The Vulnerability of China to Economic Warfare, Naval Blockade, Sabotage, and Selective Bombing

12. The general economy of China is rural, at the subsistence level, and largely impervious to outside action. The urban economy of China,

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however, is largely dependent on overseas trade, and the Chinese Communist regime is largely dependent on urban political support. The interruption of overseas trade by economic warfare measures and by naval blockade would create unemployment and unrest, hinder industrial production and development, and create serious financial and administrative problems. Already, however, one third of China's imports come from the USSR and this flow presumably could be increased if the USSR accorded the necessary priorities and if overland communications were maintained and developed. The net result would certainly be severely damaging, but probably not fatal to the regime.

13. The conditions envisaged above would be severely aggravated by selective sabotage and bombing of industrial and especially communications facilities. The ensuing economic and internal security conditions would eventually reduce the external military capabilities of the regime and might conceivably imperil its stability. There would, however, be an inevitable lag between the initiation of such operations and this eventual effect. Neither the Chinese people nor the Chinese Communist regime could be expected to remain passive during this interval. Aerial bombardment, certainly, would be regarded as a transition from localized to general war on US initiative. General and open Chinese attack on all Western interests within reach of the Chinese armed forces would therefore have to be expected, with strong Chinese popular support and probable Soviet assistance.

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